

August 2, 2004

*By Facsimile & E-Mail*

V.V. Veeder, QC  
Essex Court Chambers  
24 Lincoln's Inn Fields  
London WC2A 3ED  
England

J. William Rowley, QC  
McMillan Binch  
Royal Bank Plaza  
Suite 3800, South Tower  
Toronto, Ontario M5J 2J7  
Canada

Professor W. Michael Reisman  
Yale Law School  
P.O. Box 208215  
New Haven, CT 06520-8215

Re: *Methanex Corporation v. United States of America*

Dear Members of the Tribunal:

On behalf of respondent United States of America, and in accordance with the Tribunal's instructions, we respectfully submit the following comments on Methanex's July 19, 2004 letter regarding the quantification of its costs.<sup>1</sup>

First, the United States observes that Methanex's two-paragraph letter regarding its costs is wholly inadequate. The Tribunal requested that the parties provide it with the "full material[s]" necessary for it "to decide the question of costs."<sup>2</sup> Methanex, however, has failed to itemize its costs or even provide a reasonably accurate quantification of those costs. Instead, it simply states that it seeks an "order of magnitude" from the United States of "US\$11 to US\$12 million." The Tribunal thus lacks any basis on which it could apportion Methanex's costs in the manner directed by Articles 38 and 40 of the UNCITRAL Arbitration Rules or make a cost award in favor of Methanex.

---

<sup>1</sup> See Hrg. Tr. Vol. 9 (June 17, 2004) at 2188 (requiring initial submissions by July 17 with "the right to comment on the other's written submissions within . . . two weeks thereafter").

<sup>2</sup> See *id.* at 2187-88. In its July 19 letter, Methanex quotes selectively from the Tribunal's instructions, contending that the Tribunal requested only "some idea of what the quantum is." In context, however, the Tribunal's request plainly seeks all the information necessary to *quantify* the parties' costs. See, e.g., Hrg. Tr. Vol. 9 (June 17, 2004) at 2187; see generally *id.* at 2186-89.

Second, Methanex's request for \$11-12 million highlights the reasonableness of the United States' request for under \$3 million. Article 38(e) of the UNCITRAL Arbitration Rules creates a standard of reasonableness with regard to the amount that should be awarded for the costs of legal representation. The contrast between the amounts requested by Methanex and the United States demonstrates the reasonableness of the United States' request for costs and evidences the lack of any basis for Methanex to attack the reasonableness of the United States' quantification of its costs. The Tribunal should, therefore, award the United States the full amount of its costs.

Respectfully submitted,

Copies:  
Christopher Dugan, Esq.  
Ms. Margrete Stevens

Andrea J. Menaker  
Chief, NAFTA Arbitration Division  
Office of International Claims and  
Investment Disputes